

Message Text

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47

ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 AID-05 EB-07 COME-00 TRSE-00

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 4330

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E.O. 11652: N/A

TAGS: ETRD; EAID; IR

SUBJECT: SHAH CREATES A ROYAL COMMISSION TO OVERSEE DEVELOPMENT
SPENDING

1. TEHRAN'S NOVEMBER 13 ENGLISH LANGUAGE NEWSPAPERS REPORTED
PROMINENTLY THE SHAH'S ESTABLISHMENT OF AN IMPERIAL COMMISSION
HEADED BY THE PRIME MINISTER TO OVERSEE DEVELOPMENT SPENDING.
OTHER MEMBERS ARE: THE MINISTER OF ECONOMIC AFFAIRS AND FINANCE
(HUSHANG ANSARY), THE MINISTER OF STATE (SAFI ASFIA), DIRECTOR
OF PLAN AND BUDGET ORGANIZATION (ABDOL-MAJID MAJIDI), HEAD OF
THE IMPERIAL INSPECTORATE (GENERAL HOSSEIN FARDOUST) AND DIRECTOR
OF THE SHAHANSHAH'S SPECIAL BUREAU (NOSRATOLLAH MOINIAN). THE
COMMISSION IS TO REPORT DIRECTLY TO THE SHAH.

2. ACCORDING TO THE DECREE, THE "COMMISSION IS CHARGED WITH
ESTABLISHING A CORRECT SYSTEM FOR THE IMPLEMENTATION OF DEVELOP-
MENT PROJECTS, SO THAT FUNDS EXPENDED ARE IN HARMONY WITH THE
FINAL RESULT AND THERE IS ASSURANCE THAT THE COST OF PROJECTS
IS IN KEEPING WITH BASE PRICES DETERMINED BY SELECTED EXPERTS
AND APPROVED BY THE COMMISSION. AT THE CONCLUSION OF EACH
PROJECT THIS COMMISSION SHALL ALSO EVALUATE THE CORRECT
IMPLEMENTATION OF THE PROJECT AND COMPARE THE FINISHED PRICE
WITH THE INITIAL ESTIMATES AND SHALL REPORT THEIR FINDINGS TO
US." (I.E., THE SHAH).

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3. THE REASONS ENUMERATED IN THE IMPERIAL RESCRIPT FOR CREATING THE COMMISSION INCLUDE THE NEED TO MAXIMIZE AVAILABLE RESOURCES, ELIMINATE WASTE, FULFILL THE FOURTEENTH PRINCIPLE (ANTI-PROFITEERING) AND MAINTAIN THE PACE OF ECONOMIC GROWTH.

4. COMMENT: HERETOFORE THE PLAN AND BUDGET ORGANIZATION (PBO) HAD SHARED ITS RESPONSIBILITY FOR OVERSEEING THE DEVELOPMENT PROGRAM(ESPECIALLY PERFORMANCE AGAINST CONTRACTS) ONLY WITH THE IMPERIAL INSPECTORATE. THUS, THIS NEW BODY DILUTES THE PBO'S AUTHORITY BUT AT THE SAME TIME TASKS A HIGH LEVEL COMMISSION WITH STRETCHING THE "RIAL" BY PARING WASTE AND PROFIT FROM DEVELOPMENT PROJECTS AND RATIONALIZING THE ALLOCATION OF FINANCIAL, MANPOWER AND OTHER RESOURCES. OF THOSE INCUMBENTS NAMED TO THE COMMISSION, ONLY FARDOUST AND MOINIAN ARE COMPLETELY UNTAINTED BY SCANDAL. THE ESTABLISHMENT OF THE COMMISSION REFLECTS THE SHAH'S CONCERN OVER THE NEED TO MAXIMIZE FINANCIAL RESOURCES.
HELMS

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